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December 19, 2011

To: Audit Committee

From: Tom Tindall
Director

Subject: **UPDATED REVIEW OF BOARD POLICY NO. 5.100 –
SOLE SOURCE CONTRACTS**

Based on a request from an Audit Committee member, we have updated the previously review of Board Policy No. 5.100 – Sole Source Contracts, submitted on December 2, 2011, as underlined below.

For your consideration, we have prepared the attached draft memorandum to the Audit Committee recommending the following minor revisions: (1) Under Policy, add "The \$250,000 threshold includes the initial contract term and any contract options", (2) for the sole source checklist, delete Deputy Chief Executive Officer, CEO signature block and replace with Chief Executive Office signature block, (3) last paragraph, delete references to the Chief Executive Officer and replace with Internal Services Department, (4) under Responsible Department identify Internal Services Department as the first responsible department, (5) add a clarifying statement that accessing a federal, State or other government cooperative contract would not constitute a sole source if the contract was established via a competitive solicitation by the contracting agency, and (6) extend the sunset review date to February 6, 2016.

We have also attached a red-line version of the policy.

If you have any questions regarding this request, please let me know or your staff may contact Joe Sandoval at (323) 267-2109 or at jsandoval@isd.lacounty.gov.

TT:JS:LG:gk

Attachments



Los Angeles County **BOARD OF SUPERVISORS POLICY MANUAL**

Policy #:
5.100

Title:
Sole Source Contracts

Effective Date:
03/02/99

PURPOSE

Provide the Board of Supervisors with early notification of prospective large sole source contracts. The Chief Executive Office has implemented and will continue to monitor this policy with the intent of recommending future policy changes, as appropriate.

REFERENCE

February 23, 1999 [Administrative Memo](#) from Board Order, Synopsis 15

March 2, 1999 Chief Administrative Office memo, "[Sole Source Contracts](#)"

February 6, 2008 [Board Order 13](#)

POLICY

County departments intending to negotiate a sole source services contract of \$250,000 or greater, must provide advance written notice to the Board of Supervisors, with a copy to the Chief Executive Officer, indicating that they will proceed with the sole source contract negotiations within two weeks unless otherwise instructed by a Board office. The \$250,000 threshold includes the initial contract term and any contract options.

In addition, any department requesting Board approval of a sole source contract must include with the Board letter a completed sole source checklist (as provided below) approved by the Chief Executive Office.

Check	JUSTIFICATION FOR SOLE SOURCE CONTRACTS
(√)	Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source for the service exists; performance and price competition are not available.
	➤ Quick action is required (emergency situation).
	➤ Proposals have been solicited but no satisfactory proposals were received.
	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
	➤ Maintenance service agreements exist on equipment which must be serviced by the authorized manufacturer's service representatives.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best interest of the County, e.g., administrative cost savings, excessive learning curve for a new service provider, etc.
	➤ Other reason. Please explain:
<div style="display: flex; justify-content: space-between;"> <div> <u>Deputy Chief Executive Officer, CEO</u> <u>Chief Executive Office</u> </div> <div> <u>Date</u> </div> </div>	

Each County Department Head is also required to report to the ~~Chief Executive Officer~~ Internal Services Department by June 30th of each year those sole source contracts under \$250,000 executed by/for their department for the fiscal year ending on June 30th. The ~~Chief Executive Officer~~ Internal Services Department will compile the list and submit it to the Board of Supervisors.

For the purposes of this Policy, a federal, State or other government cooperative contract for which a department is seeking Board approval to access is not considered a sole source procurement if the contracting agency established the contract through a competitive solicitation process.

RESPONSIBLE DEPARTMENT

Internal Services Department

Chief Executive Office

DATE ISSUED/SUNSET DATE

Issue Date: February 23, 1999
Reissue Date: January 16, 2003
Revised Date: February 6, 2008
Revised Date: February 6, 2012

Sunset Review Date: January 16, 2003
Sunset Review Date: January 16, 2007
Sunset Review Date: February 6, 2012
Sunset Review Date: February 6, 2016